

## Message Text

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ACTION AID-31

INFO OCT-01 NEA-10 ISO-00 FDRE-00 IGA-02 EB-07 L-03  
AGRE-00 COME-00 TRSE-00 CIAE-00 INR-07 NSAE-00  
/061 W

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R 180849Z MAY 77  
FM AMEMBASSY DACCA  
TO SECSTATE WASHDC 4695

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PASS TO AID/ASIA/BIS AND USDA

E.O. 11652: N/A  
TAGS: EAID, EAGR, BG  
SUBJ: BANGLADESH FOODGRAIN SITUATION

1. SUMMARY. PRESIDENTIAL PLANNING ADVISOR DR. HUDA CALLED IN WESTERN DONORS MAY 17 TO REVIEW FOOD AND OTHER ECONOMIC ASSISTANCE MATTERS. HE (A) ASKED DONORS TO UNITE SUFFICIENT PRESENT ASSISTANCE TO PERMIT BDG TO BUY RAW COTTON IN OPEN MARKET, AND (B) URGED U.S., CANADA AND AUSTRALIA PRINCIPALLY TO PROVIDE ADDITIONAL FOODGRAINS AS ADDED PROTECTION AGAINST POSSIBLE NATURAL DISASTERS. AMBASSADOR AND USAID DIRECTOR SAID (A) WE WOULD ALWAYS DO OUR BEST TO BE HELPFUL IF AND WHEN A PROVEN NEED EXISTS; (B) THE THRUST OF PL-480 LEGISLATION REQUIRES RECIPIENTS TO UNDERTAKE SELF-HELP MEASURES TO INCREASE THEIR OWN DOMESTIC FOOD PRODUCTION; (C) MORE ACCURATE AND CONSISTENT STATISTICAL DATA ON FOODGRAIN SITUATION AND REQUIREMENTS WOULD BE EXTREMELY USEFUL; AND (D) BETTER USE SHOULD BE MADE OF WFP COORDINATION OF FOOD SHIPMENTS SO THAT FOOD ARRIVALS DO NOT OVERTAX BDG PORT CAPACITY. END SUMMARY.

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2. AT A MEETING MAY 17 WITH MAJOR WESTERN DONORS (INCLUDING JAPAN), DR. HUDA CIRCULATED AN AIDE MEMOIRE CALLING FOR UNITED COMMODITY ASSISTANCE TO ENABLE THE BDG TO PROCURE RAW COTTON DURING THE NEXT THREE MONTHS. FOLLOWING BRIEF DISCUSSION OF THIS "ONE TIME" REQUEST, DR. HUDA TURNED TO A SECOND PAPER WHICH PRESENTED CURRENT BDG ASSESSMENT OF ITS FOOD SITUATION. (BOTH

DOCUMENTS BEING POUCHED AS AIRGRAMS.) HUDA GAVE PRINCIPAL ATTENTION TO FOOD PAPER WHICH PROJECTED NO DOMESTIC FOODGRAIN PROCUREMENT FROM JULY THROUGH NOVEMBER, WHILE ANTICIPATING A TOTAL TITLE I USG INPUT OF 500,000 METRIC TONS AND A CLOSING STOCK POSITION OF 702,000 METRIC TONS AS OF DECEMBER 31, 1977.

3. ACKNOWLEDGING THAT U.S. TITLE I COMMITMENTS THUS FAR -- INCLUDING NEW TITLE I AMENDMENT -- WILL TOTAL 350,000 TONS, HUDA ASKED U.S. FOR AN ADDITIONAL 150,000 TONS. HE ASKED CANADA TO RAISE ITS FOOD ALLOCATION FROM 130,000 TONS PER BDG PAPER TO 300,000 TONS, AND ASKED AUSTRALIA TO RAISE ITS COMMITMENT FROM 50,000 TO 100,000 TONS. HE ALSO ASKED EEC TO PROGRAM A SHIPMENT OF 30,000 TONS IN DECEMBER 1977 AGAINST ITS FY 78 PLEDGE, THUS BRINGING TOTAL EEC FOOD SHIPMENTS FROM MAY THROUGH THE BALANCE OF THE YEAR TO 250,000 TONS. HUDA ALSO ASKED JAPAN TO CONFIRM A SECOND TRANCHE OF 13,000 TONS OF RICE TO ARRIVE IN NOVEMBER AND THUS INCREASE THE JAPANESE COMMITMENT PER THE BDG PAPER TO A TOTAL OF 26,000 TONS OF RICE.

4. IN REFERRING TO BOTH UNITED AID AND EXTRA GAIN, HUDA DESCRIBED THESE AS EXTRAORDINARY "ONE TIME" POLICY CHANGES IN EARLY JULY THAT WILL BEGIN POLICY MOVEMENT IN DIRECTIONS URGED BY DONORS, AS FOR EXAMPLE, REDUCTION OF RATION SUBSIDY, INCREASED FOOD FOR DESTITUTE, AND MOJE PRICE INCENTIVES FOR FARMERS. HUDA DID NOT REVEAL SPECIFIC CHANGES WHICH ARE CONTEMPLATED, BUT SAID LIMITED OFFICIAL USE

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THESE WILL BE INCLUDED IN THE NEW BUDGET WHICH WILL BE MADE PUBLIC AT THE END OF JUNE. MEANWHILE HE ASKED DONORS TO HAVE "OPEN MINDS" ON BDG REQUEST FOR ADDITIONAL FOODGRAINS.

5. IN RESPONDING TO HUDA, AMBASSADOR MASTERS SAID THE U.S. DEFINITELY HAS AN OPEN MIND ON ADDITIONAL FOODGRAIN WHEN A NEED IS PROVEN, AND WE WILL FOLLOW THE SITUATION CLOSELY. HOWEVER, AT THIS TIME WE CANNOT SUPPORT A TITLE I PROGRAM IN EXCESS OF THE 200,000 METRIC TONS ALREADY AGREED TO AND THE 150,000 TON AMENDMENT WHICH IS ABOUT TO BE NEGOTIATED. HE SAID WE ARE TROUBLED BY THE VARIETY OF DATA PRESENTED TO US FROM DIFFERENT MINISTRIES HERE AND BY BDG OFFICIALS IN WASHINGTON. THE AMBASSADOR REFERRED ALSO TO THE THRUST OF PL-480 WHICH CALLS FOR RECIPIENT COUNTRIES TO MAKE MAXIMUM EFFORTS TO INCREASE PRODUCTION AS MOVES TOWARD SELF-SUFFICIENCY. HE SAID WE STRONGLY SUPPORT BANGLADESH'S STATED OBJECTIVE OF SELF-SUFFICIENCY IN FOODGRAINS AND WE WOULD NOT WANT OUR PL-480 FOODGRAINS TO DETRACT IN ANY WAY FROM BANGLADESH MAKING PROGRESS TOWARD

THIS GOAL. THE AMBASSADOR CONGRATULATED DR. HUDA ON HIS COMMITMENT TO AS SUCCESSFUL PROCUREMENT EFFORT AND SAID THE U.S. WILL LOOK FORWARD TO SEEING THE BUDGET PROJECTIONS WHICH WILL SUPPORT THE POLICY CHANGES MENTIONED BY DR. HUDA.

6. USAID DIRECTOR TONER NOTED THAT THE BDG FOOD PAPER PROJECTED JUNE FOODGRAIN ARRIVALS OF 290,000 TONS, WHICH IS CONSIDERABLY IN EXCESS OF PORT CAPACITY. HE REMINDED DR. HUDA OF LAST YEAR'S PARIS MEETING WHERE WFP WAS ASKED TO INCREASE ITS STAFF SO THAT IT COULD PLAY AN EFFECTIVE ROLE FOR DONORS AND THE BDG IN COORDINATING SHIPPING ARRIVALS. TONER NOTED THAT FURTHER ACTION WAS NEEDED EITHER TO TAKE ADVANTAGE OF WFP SERVICES IN THIS AREA OR UTILIZE OTHER FACILITIES. DR. HUDA REAFFIRMED BDG INTENT TO RELY HEAVILY ON THE WFP REPRESENTATIVE IN HIS COORDINATING ROLE. HE MADE NO LIMITED OFFICIAL USE

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MENTION OF THE FACT THAT THE BDG HAD SCHEDULED HEAVY COMMERCIAL IMPORTS FOR JUNE WITHOUT REFERENCE TO WFP, ALTHOUGH HE DID SAY THAT SLIPPAGE IN THE JUNE SCHEDULE WOULD LIKELY RELIEVE THE PROSPECTIVE CONGESTION THAT CURRENT DATA IMPLIED.

7. U.K. HIGH COMMISSIONER SMALLMAN SUPPORTED U.S. STATEMENTS AND SAID HE HOPED BDG WOULD ACT ON THESE. SMALLMAN QUESTIONED A REFERENKE BY DR. HUDA TO POSSIBLE LOSS OF 700,000 METRIC TONS OF FOODGRAINS IN BORO AND AUS CROPS DUE TO STORM DAMAGE, AND SAID THIS WAS DIFFICULT TO EVALUATE WITHOUT BASELINE DATA. HOWEVER, HE NOTED THAT THE YEAR END ESTIMATES OF BDG STOCK POSITION AT 700,000 TONS INDICATE THE COUNTRY IS IN GOOD SHAPE ON FOOD. (NOTE: THE 702,000 CLOSING STOCK POSITION FROM THE BDG PAPER INCLUDES A SECOND 150,000 TRANCHE FROM THE U.S. EVEN WITHOUT THIS, THE LEVEL WOULD BE A COMFORTABLE 550,000 TONS.)

8. CANADIAN HIGH COMMISSIONER GODSELL SAID THAT FOR THE TIME BEING HIS COUNTRY WOULD STAND WITH 130,000 METRIC TONS COMMITMENT, ALTHOUGH FOOD SPECIALISTS WERE ARRIVING FROM OTTAWA NEXT WEEK TO TAKE ANOTHER LOOK AT THE BANGLADESH SITUATION (THIS 130,000 TON FIGURE DOES NOT INCLUDE PROBABLE 20,000 MT GRANT FOR FOOD FOR WORK.) PLANNING MINISTRY ADDITIONAL SECRETARY QAZI AZHER ALI NOTED THAT IN HIS RECENT VISIT TO OTTAWA, CIDA ASSURED HIM THAT AN ADDITIONAL 170,000 METRIC TONS COULD BE CONSIDERED FOLLOWING THE VISIT OF THE GRAIN TEAM. QAZI ALI ALSO TOLD AMBASSADOR MASTERS THAT IN HIS JECENT VISIT TO WASHINGTON, U.S. OFFICIALS WERE ENCOURAGING ON THE

PROSPECTS FOR SHIPMENTS OF FOODGRAINS IN ADDITION  
TO THE PL-480 AMOUNTS ALREADY DISCUSSED.

9. IN CLOSING THE MEETING DR. HUDA SAID THAT THE BDG  
RECORD IN THE PAST IN TERMS OF DONOR COORDINATION IN  
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FOOD HAS NOT BEEN TOO GOOD, BUT THAT IT WOULD BE  
BETTER IN THE FUTURE. HE SAID THAT HE PLANS TO SIT  
DOWN OFTEN WITH DONORS TO KEEP ALL ABREAST OF  
DEVELOPMENTS AND TO GUARD AGAINST MISUNDERSTANDINGS.

10. COMMENT: THE MEETING GENERALLY HAS TO BE CONSIDERED  
AS A NON-EVENT. IF THE BDG PROJECTIONS ARE GIVEN  
CREDENCE, THEY PROVE THAT THE COUNTRY DOES NOT NEED  
ADDITIONAL FOOD, AND IN FACT CANNOT BOTH ABSORB  
ADDITIONAL FOOD AND CARRY ON AN INTENSIVE DOMESTIC  
PROCUREMENT CAMPAIGN AT THE END OF THE YEAR GIVEN  
LIMITATIONS ON STORAGE CAPACITY. GIVEN THE RECORD OF  
THE PAST WE ARE NOT HOPEFUL THAT COORDINATION WILL IN  
FACT BE BETTER IN THE FUTURE. WE CONTINUE TO BELIEVE  
THAT THE POLICY CHANGES WE ARE INCLUDING IN OUR SELF-HELP  
PROVISIONS OF TITLE I WILL PROVIDE THE CLEAREST  
INDICATIONS OF BDG INTENT TO MOVE TOWARD FOODGRAIN  
SELF-SUFFICIENCY.  
MASTERS

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## Message Attributes

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